



# AIR FORCE ENERGY PROGRAM PROCEDURAL MEMORANDUM (AFEPPM) 94-1

1 July 1994

## IMPLEMENTATION PLAN FOR PARTICIPATION IN UTILITY SPONSORED PROGRAMS FOR ENERGY CONSERVATION/DEMAND SIDE MANAGEMENT (EC/DSM)

This memorandum is the implementation plan for Air Force philosophy, organizational relationships, responsibilities, funding strategies, and procedures for implementing and managing public utility sponsored Energy Conservation/Demand Side Management (EC/DSM) programs at Air Force installations.

**1. APPLICABILITY:** This implementation plan applies to all Air Force activities participating in the development and implementation of EC/DSM measures at Air Force installations using utility sponsored programs. Although most programs are sponsored by electric companies, this guidance also applies to programs offered by other utilities (natural gas, water, etc.).

**2. BACKGROUND:** The referenced documents provide the following guidance:

- Public Law 101-510, Section 2851a, encourages participation in programs conducted by any gas or electric utility for the management of electricity demand or for energy conservation.
- DEPPM 91-2 establishes guidelines for implementing a comprehensive energy resource management program to reduce energy use and cost. One of the program elements in the DEPPM is to actively participate in electric DSM and conservation programs when offered by utility suppliers. Some existing utility EC/DSM rebate programs are time-sensitive, and installations should take advantage of these savings as soon as possible.
- Executive Order No. 12902 provides guidance to participate in utility DSM programs to meet the goals of the Executive Order and Energy Policy Act.
- HQ AFCEA/EN Ltr, 17 January 92, provides basic concepts to take advantage of utility audits, rebates, and other customized incentive programs.
- Public Law 102-484, Section 2801, amends 10 U.S.C. 2865 and allows agreements with utility companies to design and install EC/DSM projects and authorizes utility financing. The utility is paid from the savings with O&M funds.
- Public Law 102-486, Section 546, the Energy Conservation Policy Act of encourages participation in utility sponsored programs for EC/DSM for electricity, gas, and water. All previous guidance relative to electricity and gas will also apply to conservation and demand side management of water.
- DEPPM 94-1 establishes lead service responsibilities for negotiation of customized, long-term EC/DSM incentive programs for all military bases within the utility's service territory. Negotiations for the development of customized DSM incentives have been assigned to the military Service to ensure full coordination of all military interests within a utility company's service territory.

### 3. RESPONSIBILITIES.

3.1. HQ USAF/CEO develops facility energy program policy and submits program reports to Deputy Under Secretary of Defense for Environmental Security (DUSD(ES/CI)). HQ USAF/CEO will develop and publish policies relative to the timely implementation of DUSD(ES/CI) directives.

3.2. Headquarters Air Force Civil Engineer Support Agency, Systems Engineering Division (HQ AFCESA/EN). Implements the utility energy program. The Utility Rates Management Team (URMT), consisting of HQ AFCESA/ENE engineers and Air Force Legal Support Agency, Utility Litigation Team (AFLSA/LTLT) attorneys, has specialized expertise and is designated as the focal point for developing DSM initiatives and assisting bases in negotiations with utility companies and contacts with state utility commissions. The performance of utility EC/DSM activities will have a significant effect on the existing utility service contracts and may require actions to obtain public utility commission approval.

#### 3.2.1. HQ AFCESA/EN:

- Provides support to the MAJCOMs and bases to assist with the implementation of customized DSM programs with utility companies.
- Develops and coordinates mutually compatible procedures with the other military Services to ensure the interests of all parties are protected.
- Provides appropriate DSM progress reports to HQ USAF/CEO for input to the DUSD(ES/CI) office.
- Provides guidance to field units with regard to information cross-feed, inter-Service coordination, DSM rebate opportunities, negotiations for customized incentives, savings retention guidelines, and appropriate contracting methods.
- Works with utilities in obtaining Public Regulatory Commission approval of new, customized incentive programs in coordination with the AFLSA/ULT.
- Assists in the development of utility contract modifications at installations that implement EC/DSM projects through utility sponsored EC/DSM programs.
- Develops umbrella contract language for customized long-term incentive programs with utilities. These agreements will then allow any military installation within the company's service territory to take advantage of the terms and provisions that have been negotiated.
- Makes arrangements for contract rate expert assistance when needed to assist with analysis and implementation of EC/DSM projects.
- Provides information on lessons learned to MAJCOMS, bases, and the other military Services.
- Arranges training quotas at Army EC/DSM training courses for Air Force base and MAJCOM personnel.

#### 3.2.2. Air Force Legal Services Agency/Utility Litigation Team (AFLSA/ULT):

- Provides assistance and legal support to HQ AFCESA/EN relative to the implementation of the Air Force DSM program.
- Provides support to MAJCOMs and bases to assist with the implementation of customized EC/DSM programs with utility companies.
- Provides appropriate support to utility companies in obtaining state public utility commission approval of customized EC/DSM incentive programs that are beneficial to the Air Force.
- Assists in the coordination of the EC/DSM program with the other military Services.
- Assists in the negotiation of a customized EC/DSM incentive with utility companies.

#### 3.3. Major Commands (MAJCOMs):

- Assist their bases with taking advantage of no-cost audits and rebate programs offered by their utility companies and with the implementation of customized DSM programs with utilities.
- Properly coordinate actions with utility companies in order to protect all military customers' interests.
- Develop EC/DSM policies within their respective commands.
- Overall review and coordinate EC/DSM projects for proper cost savings analysis, compliance with policies, proper contracting methods, and application of appropriate standards.
- Provide information to HQ AFCESA/EN for cross-feed to other bases, MAJCOMS, and other military Services.
- Assist utility service contract modifications.

#### 3.4. Installations:

- Execute EC/DSM program policies and participate in utility-sponsored EC/DSM incentive programs.
- Work with the local utility company representatives to develop EC/DSM projects that are cost-effective and follow the federal life-cycle cost and technical guidelines.
- Arrange for EC/DSM facility energy audits and analysis to determine potential projects that have economic viability and

can be accomplished under the utility sponsored EC/DSM programs.

- Perform appropriate in-house analysis of proposed projects to confirm cost-effectiveness and technical viability.
- Provide the utility company facility energy audit contractor with historical utility consumption and cost data and applicable utility rate schedules.
- Provide MAJCOMs the history of previously accomplished energy conservation measures and their effectiveness.
- Develop appropriate contract documents to install EC/DSM equipment and conservation measures.
- Perform contract supervision and inspect utility company EC/DSM contract work or other energy conservation project work.
- Monitor and report to MAJCOMs the demand and energy savings based on approved verification procedures.
- Provide lessons-learned information through MAJCOMs to HQ AFCEA/EN for dissemination to other bases and the other military Services.

#### **4. MANAGEMENT PRINCIPLES AND CONCEPTS.**

4.1. DEPPM 91-2 and DoD Energy Goals for 1990 provide general guidance for DoD energy management and implementation strategies which encourage participation in DSM programs offered by utility companies. HQ AFCEA/EN Ltr, 17 January 92, to the MAJCOMs provided the following basic concepts that can be used to implement the EC/DSM program. They include:

- Contact the local utility company representative to take advantage of no-cost energy audits and participate in utility rebate programs whenever practical.
- Work with HQ AFCEA/EN representatives in negotiations with utilities for customized long-term incentive programs in support of all military installations within the utility's service territory.
- Emphasize coordination and cross-feed of information.
- Strive for best life-cycle cost solutions using latest maintainable technology.

4.2. Top-level management must provide strong emphasis to both MAJCOM and base level activities to ensure the EC/DSM implementation program receives the necessary support. A team concept, using the expertise of engineering, legal, and contracting, is the most effective method of identifying and contracting for the installation of EC/DSM projects. Contacts with the local utility will focus on taking maximum advantage of audit services and rebates offered by the utility.

4.3. Generally, you can administer DSM projects that are developed in conjunction with the utility company through a modification to the existing utility service contract or an exhibit to an existing GSA area-wide utility service contract. GSA has provided written authorization that allows the use of an exhibit to their area-wide contract for this purpose.

4.4. Utilities in need of additional generating capacity are likely to have a comprehensive DSM incentive program or be willing to develop customized incentives applicable to military bases. HQ AFCEA/EN, on behalf of all military Services within the utility's service territory, contacts 35 utilities for which the Air Force has the predominant load. The Army or the Navy is responsible for a similar number of other utilities where the Air Force may have an interest.

4.5. When seeking a customized EC/DSM incentive program, ask utilities to provide the following:

- No-cost facility energy audits.
- 100% up-front financing.
- A major contribution to the capital cost, comparable to the utility's avoided cost of the capacity displaced by the DSM projects.
- Design of approved EC/DSM projects.
- Acquisition of DSM installation contractors.
- Construction oversight.
- Verification of energy savings or water conservation.
- Monthly invoices for the Air Force's share of the project cost as a part of the monthly utility bill.

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#### **Attachment 1 REFERENCES**

A1. Public Law 101-510, Section 2851a, 5 November 90(10 U.S.C. 2865).

A2. Defense Energy Program Policy Memorandum (DEPPM) 91-2 dated 13 Mar 91 which implemented DoD Energy Goals for 1990.

A3. Executive Order No. 12902, 8 Mar 94, Sections 104, 116, and 401.

A4. HQ AFCESA/EN Ltr, 17 January 92, to MAJCOMS.

A5. Public Law 102-484, Section 2801, 23 October 92 (amended 10 U.S.C. 2865).

A6. Public Law 102-486, Section 546, 24 October 93 (known as Energy Conservation Policy Act of 1992).

A7. Defense Energy Program Policy Memorandum (DEPPM) 94-1 dated 20 December 93, Participation in Public Utility Sponsored Energy Conservation and Demand Side Management (EC/DSM) Programs.

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